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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/910,859	07/24/2001	Gary Chodes	9553-001-27	4050

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Supervisor Patent Prosecution Services  
PIPER MARBURY RUDNICK & WOLFE LLP  
1200 Nineteenth Street, N.W.  
Washington, DC 20036-2412

EXAMINER

HARBECK, TIMOTHY M

ART UNIT	PAPER NUMBER
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3628

DATE MAILED: 02/14/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

## Office Action Summary

### Application No.

09/910,859

### Applicant(s)

CHODES, GARY

### Examiner

Timothy M. Harbeck

### Art Unit

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

### Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

### Status

- 1) ☒ Responsive to communication(s) filed on 24 July 2001.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

### Disposition of Claims

- 4) ☒ Claim(s) 1-35 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-35 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

### Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 24 July 2001 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
- Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
- Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

### Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
  - ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

### Attachment(s)

- |  |   |
|--|---|
| 1) <input checked="" type="checkbox"/> Notice of References Cited (PTO-892)                        | 4) <input type="checkbox"/> Interview Summary (PTO-413)                     |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)               | Paper No(s)/Mail Date. _____  |
| 3) <input checked="" type="checkbox"/> Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application (PTO-152) |
| Paper No(s)/Mail Date <u>4/16/2003</u> .   | 6) <input type="checkbox"/> Other: _____                                    |

## DETAILED ACTION

### *Claim Rejections - 35 USC § 102*

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1, 12, 19-21, 31 and 34 are rejected under 35 U.S.C. 102(e) as being anticipated by Richman et al (hereinafter Richman US PAT 6,625,582 B2).

**Re Claim 1:** Richman discloses a method and system for converting a designated portion of future social security and other retirement benefit payments to current benefits comprising:

- Determining a value for the lump sum for the participant (Column 1, lines 52-59)
- Paying the lump sum to the participant (Column 3, lines 38-45)
- Directing the benefits to a participant account (Column 5, lines 39-41)
- Periodically transferring the received benefits from the participant account to a second account (Column 5, lines 49-52).

**Re Claim 12:** Richman discloses the method of claim 1 and further discloses wherein the non-directly assignable benefits comprise Social Security benefits (Column 1, lines 43-49).

**Re Claim 19:** Richman discloses the method of claim 1 and further discloses wherein the second account is held by a provider of the lump sum (Column 3, lines 46-50).

**Re Claim 20:** Richman discloses the method of claim 1 and further discloses wherein the second account is held by an account provider, the method further comprising paying a service fee to the account provider for the second account (Column 3, lines 51-58)

**Re Claim 21:** Richman discloses the method of claim 20, wherein the service fee is paid from the transferred swept benefits (Column 3, lines 51-58).

**Re Claim 31:** Richman discloses a method and system for converting a designated portion of future social security and other retirement benefit payments to current benefits comprising:

- Determining a value for the loan (Column 3, lines 38-46)
- Paying the loan to the participant (Fig 2, Ref 32)
- The participant opening a new account (Column 5, lines 39-42)
- The participant providing instructions to direct the Social Security benefits to the new account (Column 5, lines 49-52); and
- Periodically transferring the directed benefits from the new account to a second account, wherein the second account is held by the provider (Column 5, lines 46-59).

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**Re Claim 34:** Further system claim would have been obvious to perform previously rejected method claim 1 and is therefore rejected using the same art and rationale.

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 2-11, 13-18, 22-30, 32-33 and 35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Richman.

**Re Claim 2:** Richman discloses the method of claim 1 supra but does not explicitly disclose wherein determining a value for the lump sum payment for the participant includes

- Inputting participant specific data
- Inputting criteria data for return goals; and
- Analyzing the input participant specific data and the criteria data for the return goals

However, Richman does note "Capital is then paid to the beneficiary from the funding source at least in part based upon the present value of a designated portion of the beneficiary's future retirement payments. (Column 5, lines 53-56)" It was well known in the art that retirement payments are unique to an individual, and vary in terms of the benefit received, allocation ect. It therefore would be obvious to anyone skilled in

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the ordinary art at the time of invention to conclude that participant specific data related to the retirement benefits would have to be inputted since the loan is based upon the individual's future benefits. Since each individual has different future benefits, each loan would have to be customized. Richman also discloses that the loan may be used to obtain an asset such as a mutual fund or health insurance (Column 3, lines 23-24). It was further well known in the art and therefore obvious that a participant investing in an asset such as a mutual fund would have criteria for a return goal. This is essentially why they are opting for a present value loan; so that they can achieve a higher return on their money than their current retirement money is earning. Furthermore, an analysis of this information would be pertinent so that the participant can see the effects of the new investment and make determinations for the future.

**Re Claim 3:** Richman discloses the method of claim 2, supra and while not explicitly disclosing wherein the participant specific data includes at least one selected from a group consisting of age, health, life expectancy information, credit, and financial information, Richman does state that the loan is based at least in part on the present value of future retirement benefits (Column 3, lines 42-43). It was well known in the art at the time of invention that many retirement benefits are paid for the duration of the participant's life. Since the loan is based on these benefits, it would be obvious to someone skilled in the ordinary art that factors such as age and health, which affect the cumulative benefit paid to the participant would be appropriate data to include in an estimation of the present value of the benefits. Everything else being equal, a healthy person in their 50's, is more likely to receive more total benefit than an older participant

and therefore might be eligible for a higher loan, since the loan issuer has a higher likelihood of being repaid.

**Re Claim 4:** Richman discloses the method of claim 2 and while not explicitly disclosing wherein the participant specific data includes at least one selected from a group consisting of earnings history, expected future earnings, and social security benefits, the loan disclosed by Richman is based at least in part on future retirement benefits of the individual participant (Column 3, lines 42-43). It was well known in the art and therefore obvious that retirement benefits are often based upon the earnings history of the participant, and therefore it would have been necessary for the loan issuer to have this data in order to formulate an appropriate loan based on these future benefits.

**Re Claim 5-7:** Richman discloses the method of claim 2 and while not explicitly disclosing wherein the participant specific data includes marital status information for the non-directly assignable benefits, spousal benefits information, widow benefits information and spousal Social security information, it would have been obvious to include this to the disclosure of Richman since many retirement benefits are directed to a spouse in the event that that the participant should die. The life expectancy of the spouse would therefore become a factor in the total amount of future benefit expected, and therefore the total amount of the present value loan, even if the direct participant is not expected to be alive for a long time.

**Re Claim 8:** Richman discloses the method of claim 2 and further discloses wherein the participant specific data includes retirement information (Column 3, lines 42-43).

**Re Claim 9:** Richman discloses the method of claim 8 but does not explicitly disclose wherein the retirement information includes information related to one selected from a group of early retirement, normal retirement and delayed retirement. However it would have been obvious to anyone skilled in the ordinary art at the time of invention to include these to the disclosure of Richman because the time of retirement affects the total expected future benefit of the participant and therefore would effect the amount of the potential loan. A person who opts for early retirement will receive benefits for a longer period of time than someone who has a delayed retirement (assuming they are expected to live to be the same age). Therefore the total benefit may be higher to the early retiree and they may obtain a larger loan, since the loan issuer has a greater expectancy of being paid the higher balance.

**Re Claim 10:** Richman discloses the method of claim 2 but does not explicitly disclose wherein the criteria data for return goals includes at least one selected from a group consisting of target rate of return, overhead and direct cost assumptions, borrowing costs and leverage, reinsurance or credit enhancement, future inflation assumptions, cost of living adjustment assumptions, credit loss experience, fraud loss experience, and mortality loss experience. However Richman does note that an objective of the invention is to better allocate retirement benefits, since they are often time insufficient (Column 1, lines 43-49). It would be obvious then, for anyone skilled in



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the ordinary art at the time of invention, to project return goals based on their future needs. The overall return goal would be influenced by a number of different factors including the well-known ones listed. If these factors were not taken into consideration, the participant would not be maximizing their investment and could also risk not having enough assets to cover future expenses.

**Re Claim 11:** Richman discloses the method of claim 2 but does not explicitly disclose wherein the input participant specific data and the criteria data for return goals include at least one selected from a group consisting of total sized of benefit payments, maturity of loan or advance, assumed interest rate and effect of cost of living adjustments. However these are the types of variables that factor into any loan agreement, so that the loan issuer has an expectation of return payment and the loan recipient has an idea of the amount of loan they will need looking forward. It would have been obvious to anyone skilled in the ordinary art at the time of invention to include these variables so that both parties to the loan can reach an acceptable agreement, without one being exposed to too high a degree of risk.

**Re Claim 13-14:** Richman discloses the method of claim 1 but does not explicitly disclose wherein the account is a minimum fee account or a non-interest bearing account. However these types of accounts were well known and popular and it therefore would have been obvious to anyone skilled in the ordinary art at the time of invention to adapt the method of Richman to include these teachings so that a participant could utilize an account type that they are familiar with, or simply prefer.

**Re Claim 15-17:** Richman discloses the method of claim 1 and while not explicitly disclosing the step wherein the received benefits in the participant account are transferred to the second account daily, Richman does disclose that the funds are directed on a regular basis (Column 3, lines 46-50). It would have been obvious to anyone skilled in the ordinary art that a regular basis would include daily, weekly, or monthly transfers and even transfers on a preselected day.

**Re Claim 18:** Richman discloses the method of claim 1, but does not explicitly disclose where the second account is a bankruptcy remote account. However it would have been obvious to anyone skilled in the ordinary art at the time of invention to adapt the secondary account to any type of account that was appropriate to the terms of the agreement. A bankruptcy remote account is well known in the art and would have been obvious to include in the appropriate situation.

**Re Claims 22-24:** Richman discloses the method of claim 1, and while not explicitly stating how the contents of the second account are distributed, it would be obvious to anyone skilled in the ordinary art at the time of invention to leave this to the discretion of the second account holder and in line with the terms of the agreement. The method is set up to pay off a loan and therefore would be reasonable to assume that this would be accomplished.

**Re Claim 25:** Richman discloses the method of claim 24 but does not explicitly disclose the step wherein the at least one service provider is one selected from a group consisting of a financial planner, a financial advisor, an estate planner, an insurance agent, an insurance advisor, a lawyer, a certified public accountant, and a broker.

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However Richman does use the general term of "service provider" and it was well known in the art at the time of invention for an individual setting up retirement accounts to consult professionals in order to aid in the process, including financial advisors, lawyers and brokers. It would have been obvious to anyone skilled in the ordinary art to include this teaching to the disclosure of Richman so that these service providers can be compensated directly from the single account, making the process more efficient.

**Re Claim 26:** Richman discloses the method of claim 24 and further discloses wherein the at least one service provider is a provider of the lump sum payment (Column 3, lines 46-50).

**Re Claim 27-28:** Richman discloses the method of claim 1 but does not explicitly disclose wherein the lump sum payment comprises one selected from a group consisting of recourse loan proceeds, limited recourse loan proceeds, and non-recourse loan proceeds, as well as a non-recourse advance. However Richman defines the payment with the broad term of "benefit." It would have been obvious to anyone having ordinary skill in the art at the time of invention to interpret this broad term to incorporate common types of loan payments, including the claimed limitations, since these were popular types of loans and would be preferable to a large number of loan recipients.

**Re Claim 29:** Richman discloses the method of claim 1 but does not explicitly disclose the step of determining whether to approve payment of the lump sum payment to the participant, however this step would have been obvious to anyone skilled in the ordinary art of loan processing. The loan issuer always has final say as to whether to issue the loan. If there are too many risks that the issuer does not want to take on, they

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would decline to issue the loan for fear of default. Furthermore the system of Richman demands that the loan is based in part on the of a future retirement payment (Column 3, lines 42-43), and it would then follow that if an individual had no future retirement payments that they could not receive a loan and would therefore be declined.

**Re Claim 30:** Richman discloses the claimed method supra and while not explicitly disclosing if a determination is made to approve payment of the lump sum payment to the participant, transmitting approval information to the participant, this step would have been obvious to anyone skilled in the ordinary art at the time of invention so that the participant has a record of the agreement for their own personal records and will also know where their future benefits are being directed.

**Re Claims 32-33:** Richman discloses the claimed method supra but does not explicitly disclose wherein the loan is one selected from a group consisting of a non-recourse loan, a recourse loan, and a limited recourse loan and wherein the loan is selected from a group of a non-recourse advance, a recourse advance and a limited recourse advance, however these types of loans and advances were common and well known in the art at the time of invention and it would have been obvious to anyone skilled in the ordinary to include these types to the method of Richman so that participants desiring a particular type of loan or advance can be satisfied.

**Re Claim 35:** Richman discloses a method and system for converting a designated portion of future social security and other retirement benefit payments to current benefits comprising:

- A lump sum processing server couple to a network, the lump sum processing server for receiving an analyzing data (Fig 1, 20);
- A financial institution server coupled to the network (Fig 1, 20, 22)
- An underwriting server coupled to the network (Fig 1, 23 “service provider”)

Richman does not explicitly disclose each and every function of the system components listed above, however the further system claims would have been obvious to perform the previously rejected method claims 1-11 are therefore rejected using the same art and rationale.

### ***Conclusion***

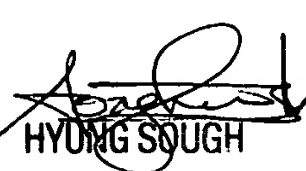
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Timothy M. Harbeck whose telephone number is 571-272-8123. The examiner can normally be reached on M-F 8:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Hyung S. Sough can be reached on 571-272-6799. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

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HYUNG SOUGH  
SUPERVISORY PATENT EXAMINER  
TECHNOLOGY CENTER 3600